

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2006



Company Registration Number 1119344

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

INDEX TO ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2006

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS AND OFFICERS

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DIRECTORS

T Spallino  
P Berkhahn  
C Jolliffe

SECRETARY

C Jolliffe

COMPANY NUMBER

1119344 (England and Wales)

REGISTERED OFFICE

751 Warwick Road  
Solihull  
West Midlands B91 3DQ

AUDITORS

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

BANKERS

HSBC  
34 Poplar Road  
Solihull  
B91 3AF

Bank of America  
26, Elmfield Road  
Bromley  
Kent  
BR1 1WA

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

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The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited for the year ended 31 December 2006

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-Day Saints (European Distribution) Limited is a private limited company

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company during 2006 were the retailing of clothing, CD's, curriculum and magazines, operating cafeterias, provision of accommodation for patrons and other activities on behalf of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and Ireland from locations in the United Kingdom. There are no EDL centres in Ireland.

The company also operates in Germany, Denmark and Sweden whose activities are the same as the UK Head Office serving customers in mainland Europe

The UK branch finished the year in a loss-making position due primarily to inflationary costs. There were higher losses sustained in 2005 and it has therefore improved greatly in moving towards a profitable position.

The Germany, Sweden and Denmark branches performed well during the year and each branch finished the year in a profitable position. This was a significant improvement from 2005, where losses were incurred in these same branches. The primary reasons for the change in performance were stronger budgetary controls and financial management.

RESULTS

The profit of the company for the year was £738,608 (2005 Loss of £5,784,445)

The directors do not recommend the payment of a dividend, which leaves an accumulated deficit of £9,523,484 (2005: £10,262,092) to be carried forward.

Assurances of continued financial support have been received from the Corporation of the Presiding Bishop.

FUTURE DEVELOPMENTS

The activities of the business is expected to remain the same over the coming year with increased emphasis on budgetary control and maintaining turnover at levels that cover its costs.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:-

P Berkhahn  
T Spallino  
C Jolliffe

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

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HUMAN RESOURCES

The company has the policy of ensuring that its employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways.

Applications for new positions in the company are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illnesses or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

The company utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of the company.

In addition, the company is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long term disability benefits from the company. Where an employee becomes disabled but not incapacitated, the employer will make any reasonable adjustments necessary. On training and career development issues, there is no distinction made between disabled and non-disabled employees. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on technical ability of each employee.

FINANCIAL RISK MANAGEMENT

The following statements summarise the company's policy in managing identified forms of financial risk.

Price risk

The company negotiates grants awarded to finance the company's activities and incorporates this information into its business plans. Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

Credit risk

Credit risk on amounts owed to the company by its customers is low, as the customers are almost entirely church members.

Liquidity risk

The company has no long term borrowings. The parent company has confirmed their financial support to the extent and as long as there exists a deficiency of shareholders' funds.

Interest rate cash flow risk

The company is able to place surplus funds on short term deposit account with the company's bankers as required.

In addition the trustees have a risk management strategy which comprises

- \* an annual review of the risks the company may face,
- \* the establishment of systems and procedures to mitigate those risks identified in the plan,
- \* the implementation of procedures designed to minimise any potential impact on the company should those risks materialise.

The primary risk the company faces is the fact that sales are primarily to members of the Church but the parent company has confirmed its future financial support as and when needed.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- \* select suitable accounting policies and then apply them consistently,
- \* make judgements and estimates that are reasonable and prudent,
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT ON DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware


Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The Company has elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually

By order of the board

C Jolliffe  
Secretary  
Date: 26 October 2007



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED**

We have audited the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

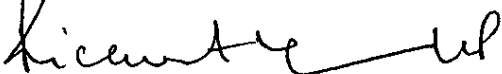
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In

forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*East Midlands*

26 / 10 / 07



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 31st December 2006

	Notes	2006 £	2006 £	2005 £	2005 £
TURNOVER	1		6,393,722		5,759,690
Cost of Sales		(4,574,176)		(5,343,423)	
Exceptional Costs	3	-		(3,470,547)	
Total Cost of Sales			<u>(4,574,176)</u>		<u>(8,813,970)</u>
GROSS PROFIT/(LOSS)			1,819,546		(3,054,280)
Operating Expenses	2		<u>(2,228,435)</u>		<u>(2,730,165)</u>
OPERATING LOSS			(408,889)		(5,784,445)
Grant income		1,022,755			
Interest Receivable		<u>174,742</u>			
Other income			<u>1,197,497</u>		<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3		788,608		(5,784,445)
Taxation	6		<u>(50,000)</u>		<u>-</u>
PROFIT/(LOSS) FOR THE YEAR	14		<u>738,608</u>		<u>(5,784,445)</u>

The profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

The notes on pages 12 to 18 form part of these financial statements

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

BALANCE SHEET  
as at 31st December 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>328,006</u>	<u>351,791</u>
<b>CURRENT ASSETS</b>			
Stock	8	2,482,286	2,814,086
Debtors	9	514,162	168,168
Cash at bank and in hand		<u>623,325</u>	<u>376,090</u>
		3,619,773	3,358,344
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(498,654)</u>	<u>(316,599)</u>
<b>NET CURRENT ASSETS</b>		<u>3,121,119</u>	<u>3,041,745</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,449,125	3,393,536
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	-	(3,655,628)
<b>NET ASSETS/(LIABILITIES)</b>		<u>3,449,125</u>	<u>(262,092)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	12,972,609	10,000,000
Accumulated deficit	14	<u>(9,523,484)</u>	<u>(10,262,092)</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>3,449,125</u>	<u>(262,092)</u>

Approved by the board on 26 October 2007  
and signed on their behalf

C Jolliffe - Director & Secretary



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

CASH FLOW STATEMENT  
for the year ended 31 December 2006

	Notes	2006 £	2005 £
Reconciliation of operating deficit to net cash outflow from operating activities			
Operating loss		(408,889)	(5,784,445)
Depreciation		64,811	56,354
(Profit)/Loss on disposal of fixed assets		(3,807)	7,076
Decrease in stock		331,800	4,807,589
(Increase)/Decrease in debtors		(345,994)	159,015
Increase/(Decrease) in creditors		521,791	(8,935,233)
Net cash inflow/(outflow) from operating activities		<u>159,712</u>	<u>(9,689,644)</u>
	Notes	2006 £	2005 £
Net cash outflow from operating activities		159,712	(1,172,685)
Returns on investments and servicing of finance		-	-
Taxation		(50,000)	-
Capital expenditure			
Purchase of tangible fixed assets		(41,026)	(91,792)
Sale of tangible fixed assets		3,807	-
Financing			
Share capital issue		-	9,999,900
Interest revenue		174,742	-
Increase in cash		<u>247,235</u>	<u>8,735,423</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2006 £	2005 £
Increase in cash in the period		247,235	218,464
Net funds at 1 January 2006		<u>376,090</u>	<u>157,626</u>
Net funds at 31 December 2006	17	<u>623,325</u>	<u>376,090</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2006

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**BASIS OF ACCOUNTING**

The financial statements are prepared in compliance with applicable Financial Reporting Standards in the United Kingdom and under historical cost convention. The following accounting policies have been applied consistently in dealing with items which we considered material in relation to the company's financial statements.

**GOING CONCERN**

The ultimate parent company's has undertaken to continue its financial support of the company to the extent of, and as long as there exists a deficiency of shareholders' funds, and for at least the next twelve months from the approval of the financial statements.

**CONSOLIDATION OF GERMAN, SWEDISH AND DANISH BRANCH**

For the purpose of reporting in these financial statements the profit and loss accounts, cash flows and balance sheets of the German, Swedish & Danish branches have been consolidated with those of the Head office operations which cover the UK and Ireland.

**TURNOVER**

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

**FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are shown at original purchase cost less accumulated depreciation.

Individual fixed assets costing £5,000 or more are capitalised at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Motor Vehicles	25%
Plant and Equipment	10%
Furnishings	10%

**GRANT INCOME**

Grant income arises entirely from the forgiveness of intercompany debt with the parent company.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2006

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**OPERATING LEASES**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term

**FOREIGN CURRENCY TRANSLATIONS**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and non monetary assets and liabilities at historical rates. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the year in which they arise.

**PENSION CONTRIBUTIONS**

The Head office is a member of a multi-employer Deseret UK Benefit Plan that is of a defined benefit type and retirement benefits are payable through a separately funded UK pension scheme. The company has followed the requirements of FRS 17, Retirement Benefits and as the company is unable to identify its share of the underlying assets and liabilities of the scheme it is accounted for as a defined contribution scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The Company participates in a multi employer defined benefit scheme for its German branch which was acquired on 1 January 2003. The company is unable to identify its share of the German scheme's assets and liabilities and has followed the requirements of FRS 17, Retirement Benefits. The company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. Accordingly the scheme is accounted for as a defined contribution scheme.

The Company participates in a defined contribution scheme for its Swedish branch. The Company has accounted for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable.

None of the employees in the Danish Branch are members of a company pension scheme.

**STOCKS**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

**DEFERRED TAXATION**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of any underlying timing differences can be deducted. Timing differences arise between the company's taxable profit and its results as stated in the financial statements. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on an undiscounted basis.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

1 TURNOVER

	2006	2005
	£	£
Analysed by geographic area		
United Kingdom and Republic of Ireland	1,743,077	1,675,724
Germany	4,432,476	3,880,823
Sweden	182,365	165,865
Denmark	35,804	37,278
	<u>6,393,722</u>	<u>5,759,690</u>

Turnover comprises sales of religious, educational and administrative materials.

2 OTHER OPERATING EXPENSES

	2006	2005
	£	£
Distribution costs	887,865	930,316
Administration expenses	<u>1,340,570</u>	<u>1,799,849</u>
	<u>2,228,435</u>	<u>2,730,165</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE  
TAXATION

	2006	2005
	£	£
This is stated after charging.		
Auditors' remuneration - audit services	36,203	38,098
Depreciation on owned assets	64,815	56,354
(Profit)/Loss on sale of fixed assets	(3,807)	7,076
Operating lease - land and buildings	241,068	241,677
Exchange gain	471,215	19,830
Exceptional costs	<u>-</u>	<u>3,470,547</u>

Exceptional costs relate to a provision for slow-moving and obsolete stock

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:-

	2006 £	2005 £
Wages and salaries	1,181,201	1,285,471
Social security costs	216,938	190,114
Pension & other benefits	161,056	183,380
	<u>1,559,195</u>	<u>1,658,965</u>

The average monthly number of employees, including directors, during the year was as follows:

	2006 No.	2005 No.
Office and management	26	26
Other	32	36
	<u>58</u>	<u>62</u>

5 DIRECTORS REMUNERATION

	2006 £	2005 £
Emoluments	-	5,621
Contributions paid by the company to its pension schemes in respect of directors	-	759

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There was a tax charge arising for the period due to a taxable profit arising during the period. There is an unrecognised deferred tax asset arising in connection with these losses and other timing differences of £ 2,937,131 (2005 £3,116,471). No deferred tax asset has been recognised in respect of the losses due to the uncertainty over the availability of suitable taxable profits in future periods.

	2006 £	2005 £
Profit/(Loss) on ordinary activities	788,608	(5,784,445)
Profit/(Loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005 30%)	236,582	(1,735,334)
Effect of		
Expenses not deductible for tax purposes	600	
Double tax relief	4,433	
Accelerated capital allowances/other timing differences	(191,615)	1,735,334
	<u>50,000</u>	<u>-</u>
Tax charge		

7 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
1 January 2006	499,161	82,993	11,359	593,513
Additions	2,111	38,915	-	41,026
Disposals	-	-	(11,359)	(11,359)
Transfers	(436,850)	436,850	-	-
31 December 2006	<u>64,422</u>	<u>558,758</u>	<u>-</u>	<u>623,180</u>
Depreciation				
1 January 2006	174,935	55,428	11,359	241,722
Charge for Year	55,913	8,898	-	64,811
Disposals	-	-	(11,359)	(11,359)
Transfers	(181,140)	181,140	-	-
31 December 2006	<u>49,708</u>	<u>245,466</u>	<u>-</u>	<u>295,174</u>
Net book value:				
31 December 2006	<u>14,714</u>	<u>313,292</u>	<u>-</u>	<u>328,006</u>
31 December 2005	<u>324,226</u>	<u>27,565</u>	<u>-</u>	<u>351,791</u>



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

8 STOCK

	2006 £	2005 £
Finished goods and goods for resale	<u>2,482,286</u>	<u>2,814,086</u>

9 DEBTORS

	2006 £	2005 £
Trade debtors	106,555	82,170
Other debtors	<u>407,607</u>	<u>85,998</u>
	<u>514,162</u>	<u>168,168</u>

10 CREDITORS Amounts falling due within one year

	2006 £	2005 £
Overseas tax	50,000	-
Social security and other taxes	72,719	80,916
Accruals and deferred income	<u>375,935</u>	<u>235,683</u>
	<u>498,654</u>	<u>316,599</u>

11 CREDITORS Amount falling due in more than one year

	2006 £	2005 £
Loan from ultimate holding company	<u>-</u>	<u>3,655,628</u>

This is a loan from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints which is subordinated to the claims of all other creditors. The loan is interest free and there are no repayment terms.

12 FINANCIAL COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2006 £	2005 £
Operating lease expiring after 5 years	<u>241,068</u>	<u>241,677</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

13 SHARE CAPITAL	2006	2005
Authorised 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted & issued 16,000,000 ordinary shares of £1 each	<u>£ 16,000,000</u>	<u>£ 10,000,000</u>
Fully paid up 12,972,609 ordinary shares of £1 each	<u>£ 12,972,609</u>	<u>£ 10,000,000</u>

On the 29th December 2006 at an extraordinary general meeting the directors unanimously approved the increase of issued share capital to £16,000,000 by issuing a further 6,000,000 shares @ £1 each to The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints £2,972,609 was fully paid up of these 6,000,000 extra shares at the end of the year

14 ACCUMULATED DEFICIT	2006	2005
	£	£
Balance at 1 January 2006	(10,262,092)	(4,477,647)
Profit/(Loss) for the financial year	<u>738,608</u>	<u>(5,784,445)</u>
Balance at 31 December 2006	<u>(9,523,484)</u>	<u>(10,262,092)</u>

15 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS	2006	2005
	£	£
Opening total shareholders' funds	(262,092)	(4,477,547)
Issue of share capital	<u>2,972,609</u>	<u>9,999,900</u>
	<u>2,710,517</u>	<u>5,522,353</u>
Profit/(Loss) for the financial year	<u>738,608</u>	<u>(5,784,445)</u>
Closing total shareholders' funds	<u>3,449,125</u>	<u>(262,092)</u>

Shareholders' funds relate entirely to equity interests

16 ULTIMATE HOLDING COMPANY

The company is wholly owned by The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints (CPB) incorporated in the state of Utah, United States of America

CPB have confirmed their continued financial support to the extent and as long as there exist a deficiency of shareholders' funds

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

17 NOTES TO THE CASH FLOW STATEMENT

Analysis of changes in Net funds

	At 1 January 2006 £	Cash Flow £	Non cash Movement £	At 31 December 2006 £
Cash at bank and in hand	376,090	247,235	-	623,325

18 RELATED PARTY TRANSACTIONS

During the year the company purchased religious, educational and administrative materials totalling £1,433,835 (2005 £1,164,408) from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints.

Included in turnover are sales totalling £410,745 (2005 £462,467) to The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking

Included in turnover are sales totalling £1,349,609 (2005 £1,453,477) to the Kirche Jesu Christi der Heiligen der Letzten Tage, Körperschaft (German Church)

Included in turnover are sales totalling £115,887 (2005 £114,437) to the Jesu Kristi Kyrka av Sista Dagars Heliga (Sweden Church)

Included in turnover are sales totalling £76,429 (2005 £86,409) to the Jesu Kristi Kirke af Sidste Dages Hellige i Danmark (Denmark Church)

The company undertakes its principal activities from the temples in London, Preston, Friedrichsdorf, Freiberg, Copenhagen and Stockholm and the distribution warehouses in Birmingham and Bad Homburg. The London Temple and the Distribution warehouse are owned by The Church of Jesus Christ of Latter-day saints (Great Britain) a fellow subsidiary undertaking, and no rent is charged by it to the company.

The Preston Temple is owned by The Church of Jesus Christ of Latter-day Saints (Welfare) Limited, a fellow subsidiary undertaking and a charge of £10,000 per annum is charged for the rental of the commercial space occupied at this site

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS  
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2006

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19 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Head office participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The schemes are of the defined benefit type and are funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation are shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The company has accounted for the schemes as if they were defined contribution schemes because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £62,093 (2005 £72,071).

The Company also participates in another defined benefit scheme for its German branch. The company is unable to identify its share of the German scheme's assets and liabilities. The Company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. The company is not legally responsible for the past pensionable commitments.

The charge for German Branch pension costs in 2006 was £89,336 (2005 £108,815).

The Company participates in a defined contribution scheme for its Swedish branch. The charge for Swedish Branch pension costs in 2006 was £2,145 (2005 £1,708). None of the employees in the Danish Branch are members of a company pension scheme.